

**ASB Guidelines Recommended to DRA as voted on 10/28/2010
and passed by HB 167 (2009 Legislative Session)
(Effective Assessment Review Year 2010)**

- I. The following guidelines are recommended by the Assessing Standards Board (ASB) in accordance with the provisions of RSA 21-J:14-b and RSA 21-J:11-a. These guidelines will be used by the Department of Revenue Administration (DRA) to measure and analyze the political subdivision for reporting to the Municipality and the ASB. These guidelines assist the Commissioner to determine the degree to which assessments of a municipality achieve substantial compliance with applicable statutes and rules.
- II. Pursuant to laws of 2003, Chapter Law 307, section 5, "The general court recognizes all the work in creating a set of proposed standards for the certification of assessments. There is reason for concern, however, that these standards may have an inequitable impact on municipalities within the state due to differences between municipalities in such characteristics as size, parcel count, number of sales, and geographic location. Therefore, the general court finds that in order for the state to continue to implement fair and equitable assessing practices, it is necessary to further analyze the assessing practices of the state's political subdivisions. This analysis can be accomplished by using the assessing standards board's recommended standards as guidelines for a measurement tool, rather than as certification requirements, in the first 4 years of the process. The results of measuring these guidelines can then be analyzed for the state's large and small political subdivision, with a report to be made to the municipalities and through the assessing standards board to the general court."
- III. These guidelines address the six assessment areas the Commissioner may consider, which are specifically identified in RSA 21-J:11-a, regarding whether the:
 - A. Level of assessments and uniformity of assessments are within acceptable ranges as recommended by the Assessing Standards Board by considering, where appropriate, an assessment-to-sales-ratio study conducted by the department for the municipality.
 1. A median ratio should be between 0.90 and 1.10 with a 90% confidence level in the year of the review.
 2. An overall coefficient of dispersion (COD) for the municipality's median ratio should not be greater than 20.0 without the use of a confidence interval.
 - B. Assessment practices substantially comply with applicable statutes and rules.
 1. All records of the municipality's assessor's office should be available to the public pursuant to RSA 91-A.
 2. Ninety-five percent of the property records in the sample reviewed by the DRA should reflect assessments of properties as of April 1, pursuant to RSA 74:1; and that a municipality should not assess parcels or new construction that did not exist as of April 1 of that tax year.
 3. A municipality should have a revised inventory program in place that addresses compliance with RSA 75:8, which provides that annually, and in accordance with

state assessing guidelines assessors and selectmen shall adjust assessments to reflect changes so that all assessments are reasonably proportional within the municipality.

4. Eighty-five percent of the current use property records in the sample reviewed by the DRA should have:
 - a. A timely filed Form A-10, Application for Current Use Assessment; (RSA 79-A:5 and Cub 302)
 - b. If applicable, a timely filed Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment; (RSA 79-A:5 and Cub 304.03)
 - c. Current use valuations assessed in accordance with Cub 304; and
 - d. A procedure to determine, prior to July 1 of each year, if previously classified land has undergone a change in use for purposes of assessing the Land Use Change Tax. (RSA 79-A:7)
5. In accordance with RSA 21-J:11, all appraisal service contracts or agreements in effect during the assessment review year for tax assessment purposes should:
 - a. Be submitted to the DRA, prior to work commencing, as notification that appraisal work shall be done in the municipality; and
 - b. Include the names of all personnel to be employed under the contract.
- C. Exemption and credit procedures substantially comply with applicable statutes and rules;
 1. A periodic review should be done, by the municipality, of all exemptions and credits at least once every assessment review cycle with no more than a 5% error rate.
 2. The municipality should have on file a current Form BTLA A-9, List of Real Estate and Personal Property on Which Exemption is Claimed, as described in Tax 401.04(b) for all religious, educational and charitable exemptions.
 3. The municipality should have on file a current form BTLA A-12, Charitable Organization Financial Statement, as described in Tax 401.01(c), for all charitable exemptions.
- D. Assessments are based on reasonably accurate data; and
 1. The municipality should have no material errors on at least eighty percent of the property record cards reviewed by the DRA. A material error is defined to be any error or combination of errors that results in a variance greater than 7.5% of the improved assessed value of the property if the errors are attributable to the improvements or if attributable to the land value, a variance greater than 7.5% of the land or if attributable to both improvements and land a variance greater than

5% of the total assessed value; that includes but is not limited to:

- a. Mathematical miscalculations;
- b. Inconsistent land values without notation or documentation;
- c. Inconsistent depreciation without notation or documentation;
- d. Inconsistent neighborhood adjustments without notation or documentation;
- e. Market adjustments without notation or documentation;
- f. Acreage noted that does not match the tax map unless otherwise noted;
- g. Omission of data such as, but not limited to;
- i. Addition of improvements;
 - ii. Removal of improvements;
 - iii. Conversion of improvements;
 - h. Erroneous measurements resulting in a square foot variance of 10% or more of the primary improvement(s).

2. The level of accuracy of the data elements should be determined by the DRA by comparing the information regularly collected by the municipality on a sample of property record cards with the actual property. Prior to commencement of the review process, the DRA should meet with the municipality's assessing officials to obtain an understanding of the municipality's data collection techniques used to determine value and the data elements regularly collected by the municipality that are included on the municipality's property record cards.

E. Assessments of various types of properties are reasonably proportional to other types of properties within the municipality.

1. The municipality's median ratios with a 90% confidence level for the following 3 strata should be within 5% of the overall median ratio (point estimate):
 - a. Improved residential up to and including 4-family units;
 - b. Improved non-residential; and
 - c. Unimproved property.
2. No ratio should be calculated for a particular strata unless a minimum of 8 sales are available in that strata. If no ratio has been calculated, the sales should not be collapsed into another strata.

3. The DRA should calculate the municipality's price related differential (PRD). The PRD should be between .98 and 1.03 with a 90% confidence level.
- F. For all revaluations including full revaluations, partial revaluations, cyclical revaluations and statistical updates conducted on or after the April 1, 2006 assessment year by either an independent contractor or an in-house assessor, A report based on the most recent edition of the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6 shall be produced; and
 1. Copies of this report shall be delivered to the municipality and to the DRA at no additional cost.
 2. The DRA shall review these reports for compliance with USPAP Standard 6 and incorporate its findings in the assessment review process for all reviews conducted on or after April 1, 2006.
 3. In accordance with RSA 21-J:11-a, II, the Department shall report its findings to the Assessing Standards Board and the municipality.
- IV. Property sales utilized in the DRA's annual assessment ratio study conducted for equalization purposes should be used to calculate the median ratios, CODs, and PRDs under guidelines (A) and (E) above. The ratio percentages should be rounded to 3 places. The sample size of the ratio study should contain at least 2% of the total taxable parcels in a municipality; and have a total of at least 8 sales. Alterations to property sales may be based upon documentation submitted by the municipality such as, but not limited to:
 - A. Sales involving an exchange of property for boundary line adjustments; and
 - B. Sales of personal property included in the sale; and
 - C. Sales of properties located in more than one municipality.
- V. In accordance with RSA 21-J:14-b, II, these guidelines will be reviewed and updated annually. Minutes of the ASB along with meeting and forum schedules may be found at the Department of Revenue Administration website.

GLOSSARY

Assessment Review Year - The property tax year set by the department for which a municipality's assessment review shall occur.

Coefficient of Dispersion (COD) - A measure of assessment equity that represents the average absolute deviation of a group of ratios from the median ratio expressed as a percentage of the median.

Confidence Interval - The range established by electronic means within which one can conclude a measure of population lies.

Confidence Level - The required degree of confidence in a statistical test or confidence interval.

Department - The New Hampshire Department of Revenue Administration.

Level of Assessment - The overall ratio of appraised values of properties to market value of properties.

Mean Ratio - The result reached after the sum of all ratios is divided by the total number of ratios.

Median Ratio - The middle ratio when a set of all ratios is arranged in order of magnitude.

Point Estimate (of the Median Ratio) - A single number that represents the midpoint, or middle ratio, when the ratios are arrayed in order of magnitude.

Price Related Differential (PRD) - A measure of the differences in the appraisal of low value and high value properties in assessments, as calculated by dividing the mean ratio by the weighted mean ratio.

Ratio Study - The study of the relationship between appraised or assessed property values and the current market value of the properties.

Strata - A division of properties into subsets for analysis.

Uniformity of Assessments - The degree to which assessments bear a consistent relationship to market value.

Weighted Mean Ratio - The result reached when the sum of all appraised values is divided by the sum of all sale prices.